

# **EXHIBIT 5**

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD  
FOR PUERTO RICO**



*José B. Carrión III*  
Chair

Members

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Carlos M. García  
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*Natalie A. Jaresko*  
Executive Director

**BY ELECTRONIC MAIL**

May 11, 2020

The Honorable Wanda Vázquez Garced  
Governor of Puerto Rico

The Honorable Thomas Rivera Schatz  
President of the Senate of Puerto Rico

The Honorable Carlos J. Méndez Núñez  
Speaker of the House of Representatives of Puerto Rico

Dear Governor Vázquez Garced, President Rivera Schatz, and Speaker Méndez Núñez:

We have reviewed Act 176-2019 and are writing you pursuant to Section 204(a) of PROMESA.

Act 176-2019, among other matters, amends Section 9.1 of Article 9 of Act 8-2017<sup>1</sup> and Article 2.04 of Act 26-2017<sup>2</sup> to restore vacation and sick leave days to public employees to pre-Act 26-2017 levels.

The Oversight Board received Act 176-2019 along with the Governor's corresponding PROMESA Section 204(a) "certification of compliance" (the "Compliance Certification") on December 26, 2019, attached hereto as Exhibit 1. The Oversight Board hereby notifies you that the Compliance Certification for Act 176 was not accompanied by the estimate required under paragraph (2)(A) of Section 204(a).

The Compliance Certification states Act 176-2019 increases the rate of vacation and sick leave accumulation, but concludes the law has no impact on expenditures as it "merely adjusts the accretion of vacation and sick days for public employees, but while strictly adhering to the liquidation prohibitions established in the 2019 New Fiscal Plan for Puerto Rico and Act 26-2017." Even if that is correct, the estimate fails to account for Act 176's impact on employee

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<sup>1</sup> Act 8-2017 is also known as the "Government of Puerto Rico Human Resources Administration and Transformation Act."

<sup>2</sup> Act 26-2017 is also known as the "Fiscal Plan Compliance Act."

The Honorable Wanda Vázquez Garced  
The Honorable Thomas Rivera Schatz  
The Honorable Carlos J. Méndez Núñez  
May 11, 2020  
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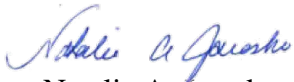
productivity, given that it permits employees to take more vacation days during the year. For example, if full-time employees utilize all of the additional days Act 176 makes available to them (12-21 days depending on employee group), there could be a productivity loss of approximately five percent, which in Fiscal Year 2021 is akin to losing the full-time equivalent production of 2,400 public employees. The Compliance Certification's estimate, by failing to account for this impact of Act 176, is deficient.

Accordingly, the Oversight Board directs you, pursuant to Section 204(a)(4)(A), to provide a complete formal estimate by May 19, 2020 taking lost productivity into account.

Pursuant to PROMESA Section 108(a)(2), the Governor and Legislature are each enjoined from, among other things, implementing any statute or rule that impairs or defeats the purposes of PROMESA as determined by the Oversight Board. To avoid any misunderstanding, please be advised the Oversight Board has determined implementation of Act 176-2019 prior to satisfaction of the requirements of Section 204 would impair and defeat the purposes of PROMESA, such as preventing implementation of new laws prior to satisfaction of the requirements of Section 204.

Should you fail to comply timely with this directive, the Oversight Board reserves the right to take such actions as it considers necessary, consistent with Sections 204(a)(5) and 108(a)(2), including preventing and seeking remedies for the enforcement or application of Act 176-2019.

Sincerely,



Natalie A. Jaresko

CC: Mr. Omar J. Marrero Díaz